For Immediate Release June 30, 2011

Statement of Chairman Daniel K. Inouye

Inouye: Domestic Discretionary Spending Flat Since 2001; Not Responsible for Growing Debt

WASHINGTON, DC – Senate Appropriations Committee Chairman Daniel K. Inouye (D-Hawaii) today released the following statement and accompanying Fact Sheet, which demonstrates that since 2001, a year in which the U.S. government had a surplus of \$128 billion, the increase in non-security domestic spending, when adjusted for inflation and population growth, has been zero. The analysis also demonstrates that the forces driving our deficit higher are decreasing revenues and increased spending on mandatory programs. Reasonable reforms and strong economic growth are the solution to our current fiscal challenges, not shredding the social safety net and gutting the very investments necessary to foster a strong and vibrant economy:

"In the media today there is a great deal of discussion about growing our way out of the current fiscal crisis. To grow will take real investment in our public sector to modernize our national highway system, to invest in high speed rail, to rebuild our bridges and to ensure our public safety by shoring up our levees, dams and our borders. In short, domestic discretionary investments are not the problem, they are in fact a vital part of the solution to our economic and fiscal challenges.

"While defense and other war related costs – adjusted for inflation – have experienced substantial growth of 74%, (\$364 billion) in the ten years since 2001, these costs are clearly related to the cost of countering terrorism, defending the homeland, and supporting a larger veteran population. We need an honest debate on how much is needed to preserve our security, but let me say this — we can only substantially cut these programs at our Nation's peril.

"Although non-defense discretionary spending in nominal dollars has increased, when taking inflation and population growth into account the amount contained in the FY 2011 Continuing Resolution represents no increase over what we spent in 2001, a year in which we generated a surplus of \$128 billion. So the right question to ask is: Are we really spending too much on non-defense programs? The answer is clearly no. Non-defense discretionary spending levels are essentially unchanged from 2001. There is no reason we shouldn't be able to afford them today.

"The focus of our deficit talks should not be on domestic discretionary spending, but on the real reason why we are not running a surplus: historically low revenues, soaring mandatory spending, and the cost of war."

In 2001, the Nation Had a Balanced Budget. What Happened?

(Fiscal Year 2001 numbers are adjusted for inflation and for 9.1% population growth)

	Fiscal Year 2001	Fiscal Year 2011	Difference
Discretionary: Security	\$494 billion*	\$858 billion	+\$364 billion
Discretionary: Non-Security	\$369 billion	\$369 billion	Zero
Mandatory Programs	\$1,772 billion	\$2,343 billion	+\$571 billion
Total Revenues	\$2,724 billion	\$2,228 billion	(-\$496 billion)
	(19.5% of GDP)	(14.8% of GDP)	

^{*}Adjusted for inflation but not population growth

- In constant dollars, adjusted for population growth, non-defense discretionary spending is at the same level in Fiscal Year 2011 as it was in Fiscal Year 2001, when the federal government ran a \$128 billion surplus.
- The cost of security programs is up 74% in constant dollars.
 - Department of Defense funding (not including the cost of war or Military Construction) is up 47% in constant dollars (increasing from \$349B in FY2001 to \$513B in FY 2011).
 - Department of Defense funding (including the cost of war but not including Military Construction) is up 80% in constant dollars (increasing from \$373B in FY 2001 to \$671B in FY 2011).
- The cost of mandatory programs after adjusting for population growth is up 32% in constant dollars.
- Revenues are down 18% in constant dollars when adjusted for population growth. As a percent of GDP, revenues are at their lowest level since 1950.

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